

Message Text

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17

ACTION NEA-09

INFO OCT-01 EUR-12 ISO-00 AEC-07 AID-05 CEA-01 CIAE-00

CIEP-02 DODE-00 EB-07 FPC-01 H-02 INR-07 INT-05 L-02

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SP-02 SS-15 STR-04 TRSE-00 FRB-01 FEA-01 PA-02 PRS-01

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FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 2098

INFO USDOC WASHDC

AMEMBASSY ALGIERS

AMEMBASSY BEIRUT

AMEMBASSY JIDDA

AMEMBASSY MOSCOW

AMEMBASSY TEHRAN

USMISSION OECD PARIS

ASINT BAGHDAD (POUCH)

UNCLAS KUWAIT 0477

STATE ALSO FOR INR/REC

E.O. 11652: N/A

TAGS: ENRG, EIND XX

SUBJECT: LIMITATIONS ON ABILITY TO IMPLEMENT LARGE ENERGY
PROJECTS.

1. EXECUTIVE OF LARGE AND WELL KNOWN AMERICAN FIRM BIDDING ON
KUWAIT LPG PROJECT IN CONVERSATION WITH EMBOFF MADE OBSERVATION
WHICH IF CORRECT WOULD SEEM TO BE IMPORTANT. COMPANY OFFICIAL
SAID THAT SIX OR SEVEN QUOTE JUMBO UNQUOTE ENERGY-RELATED PROJECTS
ARE PRESENTLY BEING SERIOUSLY CONSIDERED IN KUWAIT, ALGERIA,
IRAQ, IRAN, SAUDI ARABIA, USSR AND ALASKA. ACCORDING TO HIM
THESE ARE ALL VERY LARGE LPG, GAS OR OTHER ENERGY-RELATED PROJECTS
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WHICH ARE IN \$500 MILLION PLUS CATEGORY, AND AS OF NOW IT LOOKS

AS THOUGH INDIVIDUAL GOVERNMENTS INVOLVED WILL WANT TO PROCEED WITH CONSTRUCTION AT ABOUT THE SAME TIME.

2. EXECUTIVE SAID THAT THERE IS NOT RPT NOT ENOUGH FOUNDRY AND FORGING CAPACITY IN WORLD TO DO ALL PROJECTS AT SAME TIME. HE FORESAW SOMETHING OF A SCRAMBLE AMONG THE COUNTRIES TO GAIN COMMITMENTS FROM INTERNATIONAL ENGINEERING AND CONSTRUCTION COMPANIES AND IN EFFECT TO GET AT THE HEAD OF THE LINE.

3. COMMENT AND ACTION REQUESTED: WE UNABLE TO ASSESS ACCURACY OF US BUSINESSMAN'S PREDICTIONS. WE NOTE, HOWEVER, THAT IN KUWAIT AND PRESUMABLY ELSEWHERE PROJECTS INVOLVED ARE OF SPECIAL POLITICAL AND ECONOMIC SIGNIFICANCE. THEREFORE, IF THERE IS A SERIOUS EQUIPMENT SUPPLY AND CONSTRUCTION BOTTLENECK THERE ARE LIKELY TO BE IMPORTANT RAMIFICATIONS FOR THE GOVERNMENTS OF THE VARIOUS COUNTRIES. DEPENDING ON HOW SERIOUS A PROBLEM ACTUALLY EXISTS THERE COULD BE INTERNATIONAL CONSEQUENCES AS WELL. THE SITUATION PROBABLY WILL AFFECT HOW US FIRMS REACT TO THE MAJOR TRADE OPPORTUNITIES INHERENT IN EACH INDIVIDUAL PROJECT. EMBASSY WOULD FIND USEFUL DEPARTMENT'S COMMENT ON WHETHER A SERIOUS POTENTIAL PROBLEM DOES EXIST AS WELL AS ANY ANALYSIS OF SUBJECT IN GENERAL THAT DEPARTMENT/INR OR OTHERS CAN PROVIDE.
STOLTZFUS

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